



Finance Committee Presentation to Board of Selectmen FY 2019 Debt Exclusion Discussion

January 29, 2018



Introduction

- This presentation is a review of the Town's financial position with the following objectives in mind:
 - Should the Town fund six major capital projects with exempt debt?
 - What will be the impact of the projects and can the Town stay within Finance Committee guidelines?
 - How much will the proposed projects cost and what is the tax rate impact?
 - What affect will projects have on Moody's Rating?

Scorecard	Rating
Moody's	TBD
Guidelines	TBD
Town Finances	TBD
Town Levy	TBD

Town of Wayland Massachusetts Debt Exclusion Hearing



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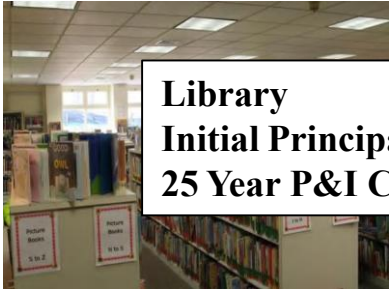
Q&A and Additional Information



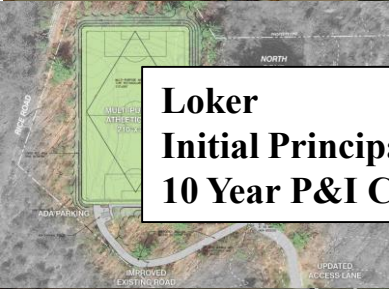
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The six pending major capital projects “The Big 6”

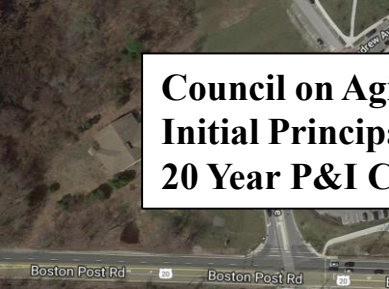
Initial Principal: \$28,912,901
25 Year P&I Cost: \$44,963,511



Library
Initial Principal: \$17,697,901
25 Year P&I Cost: \$28,051,173



Loker
Initial Principal: \$2,000,000
10 Year P&I Cost: \$2,495,000



Council on Aging Design
Initial Principal: \$470,000
20 Year P&I Cost: \$692,075



High School
Initial Principal: \$4,935,000
20 Year P&I Cost: \$6,991,163



Town Building
Initial Principal: \$2,010,000
20 Year P&I Cost: \$2,733,600



Station 2
Initial Principal: \$1,800,000
20 Year P&I Cost: \$2,650,500



Situation Summary

- ❑ Historically, the Town has been careful to take on new debt as prior debt was retired, so that annual debt service either remained constant or decreased from year to year.
- ❑ Deferred municipal infrastructure investment is resulting in increasing annual maintenance expense.
- ❑ Interest rates are expected to gradually rise (2020 estimated to be 4.5%). Today Wayland has a very strong municipal bond rating with interest rates still near historic lows.
- ❑ Basic demographics of Wayland will not change significantly over time. Properly structured projects meet community needs for 50+ years.
- ❑ If the public is willing to vote for large scale capital projects, then financing methods exist.

Town of Wayland Massachusetts Debt Exclusion Hearing



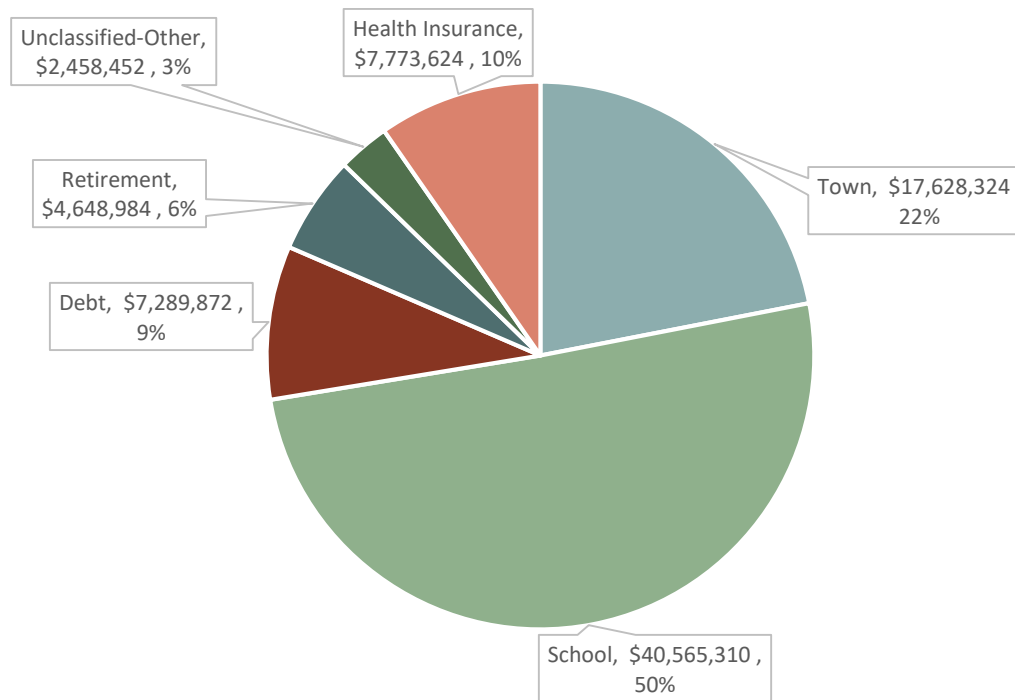
Wayland's Fiscal Situation

- ❑ Upward trend in free cash and overall reserves
- ❑ There are approximately \$100MM in capital requests for FY 2019 to FY 2023, \$46MM in FY 2019 alone.
- ❑ Expenses are trending upward and include increased costs for School buses, energy and healthcare, pensions and insurance
- ❑ Aaa Bond Rating is at risk of being downgraded:
 - Use of reserves to balance operations
 - Limited revenue flexibility
 - Above average debt burden
 - Potential cost of downgrade \$500,000 over 5 years
- ❑ Factors that Could Lead to a further Downgrade
 - Weakening of general fund reserves or available liquidity
 - Growth in the Town's debt or pension burden
- ❑ Factors that Could Prevent a Downgrade
 - Growth in general fund reserves and available liquidity
 - Moderation of the Town's debt

Town of Wayland Massachusetts Debt Exclusion Hearing



FY 2019 Projected General Fund Expenses (7/1/2018 to 6/30/2019)

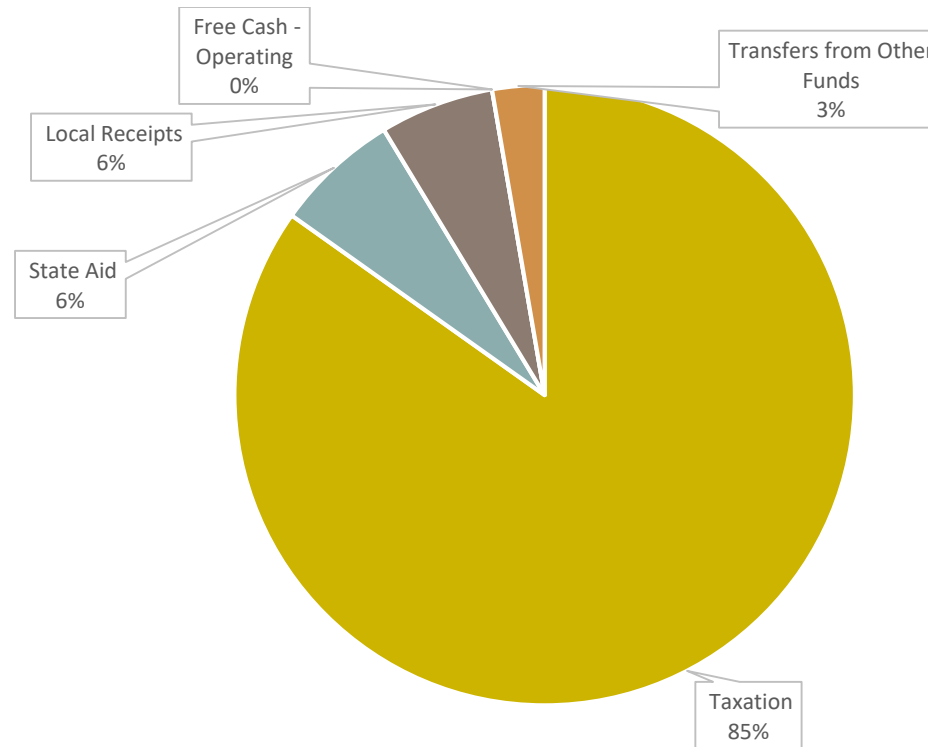


Expense	2018	2019 est	Difference	Percentage
Town	16,675,864	\$ 17,628,324	\$ 952,460	5.71%
School	39,156,483	\$ 40,565,310	\$ 1,408,827	3.60%
Debt	7,544,703	\$ 7,289,872	\$ (254,831)	-3.38%
Retirement	4,362,369	\$ 4,648,984	\$ 286,615	6.57%
Unclassified-Other	2,152,865	\$ 2,458,452	\$ 305,587	14.19%
Health Insurance	7,197,800	\$ 7,773,624	\$ 575,824	8.00%
Total	77,090,084	80,364,566	3,274,482	4.25%

Town of Wayland Massachusetts Debt Exclusion Hearing



FY 2019 Projected Revenue (7/1/2018 to 6/30/2019)

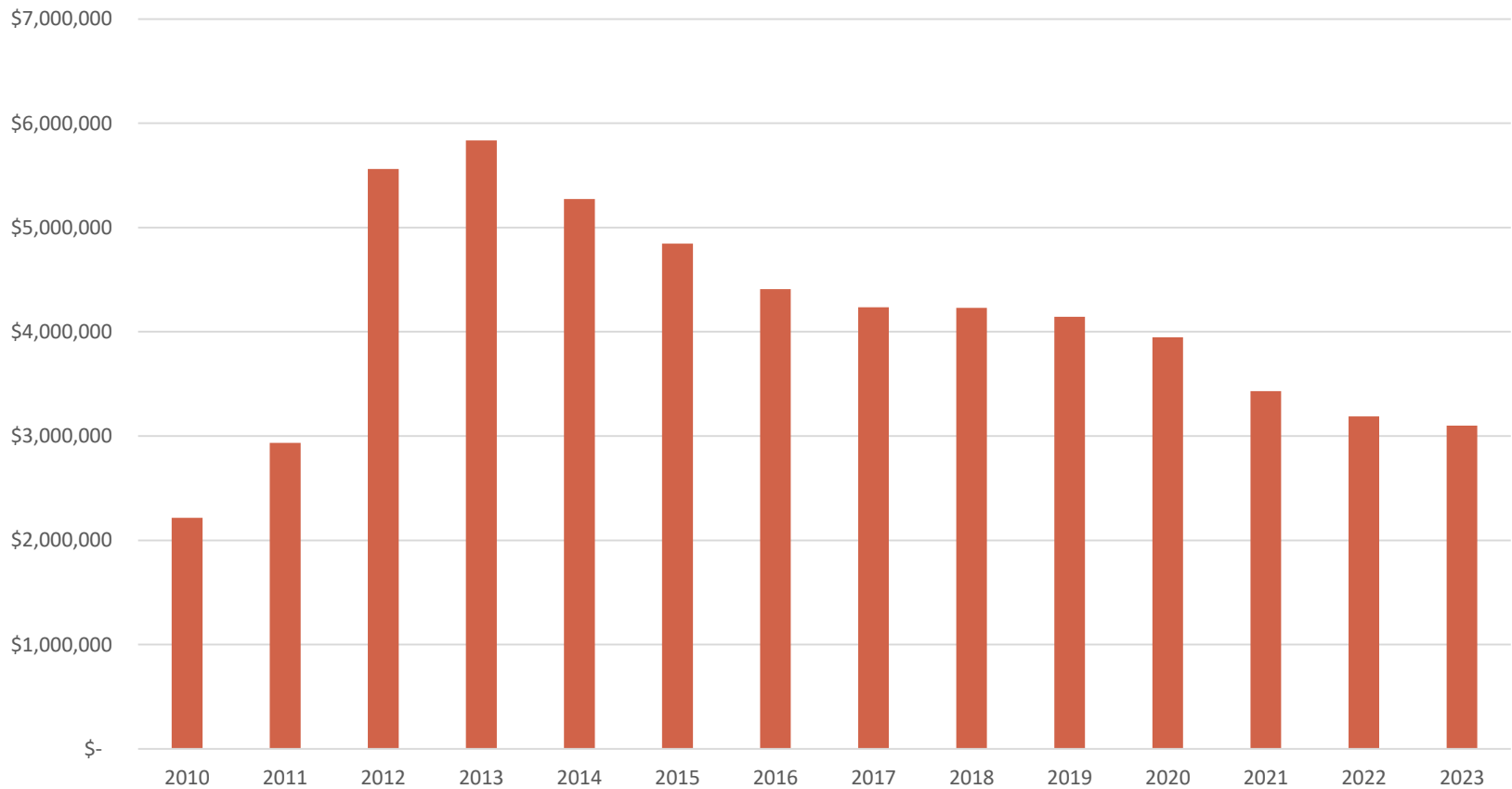


Revenue	2018	2019 est	Difference	Percentage
Taxation	\$ 64,366,626	\$ 68,386,044	\$4,019,418	6.24%
State Aid	\$ 5,238,282	\$ 5,238,282	\$ -	0.00%
Local Receipts	\$ 4,500,000	\$ 4,800,000	\$ 300,000	6.67%
Free Cash - Operating	\$ 500,000	\$ -	\$ (500,000)	-100.00%
Transfers from Other Funds	\$ 2,485,176	\$ 1,940,240	\$ (294,936)	-11.87%
Total	\$ 77,090,084	\$ 80,364,566	\$3,524,482	4.57%

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History and Forecast of Current Outstanding Exempt Debt Principal 2010 – 2023

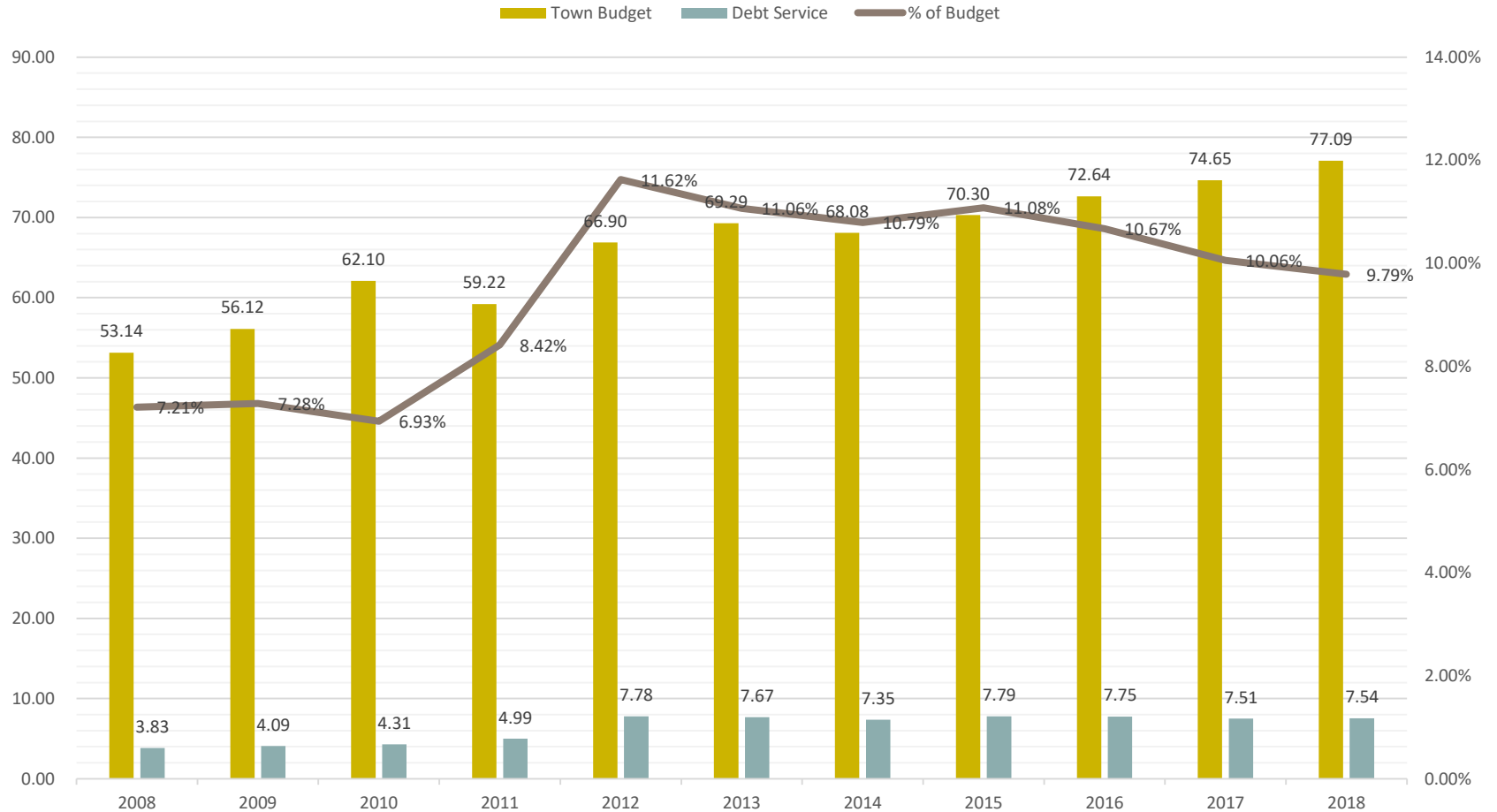


Does not include future borrowing



Town of Wayland Massachusetts Debt Exclusion Hearing

Committed Debt Service



Debt service is contained within the Town budget

Town of Wayland Massachusetts Debt Exclusion Hearing



Wayland's Levy Limit 2017-2018

Levy Limit	2017	2018
Prior Year Levy Limit	\$ 64,104,631	\$ 66,509,532
Amended Growth	\$ -	\$ 27,323
2 1/2 % Increase	\$ 1,602,616	\$ 1,663,421
New Growth	\$ 802,285	\$ 694,244
	-----	-----
Subtotal	\$ 66,509,532	\$ 68,894,520
Debt Exclusion	\$ 4,235,000	\$ 4,229,000
Annual Max Levy Limit	\$ 68,339,631	\$ 70,738,532
Property Tax Revenue-Actual	\$ 62,712,000	\$ 65,032,033
Unused Levy	\$ 5,627,631	\$ 5,706,499

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What is a Debt Exclusion?

Proposition 2.5 Restriction # 1

Levy Ceiling

- Total annual tax collected can't exceed 2.5% of total value of all property in town.
- Answer: Current property tax rate is 1.79% so not a concern (\$61,780,000/\$3,457,138,000)**

The levy limit can increase up to the **LEVY CEILING**

The levy can increase up to the **LEVY LIMIT**

The **LEVY** is the amount the community can raise through property tax. It can be any amount up to the levy limit.

Proposition 2.5 Restriction # 2

Levy Limit

- Tax revenue cannot increase year over year by more than 2.5%, except for new growth.
- If tax revenues are not enough to offset Town expenses:
 - Budget Cuts
 - Operating Override
 - Debt Exclusion
- A debt service exclusion is where the additional amount used for the payment of project debt service is added to the levy limit or levy ceiling for the life of the debt only (exempt debt).
- Answer: Before any Big 6 borrowing, it is estimated that between 2029 and 2030, the Town's expenses will increase in excess of the 2.5% limit**



Pros and cons of requiring an override

- ❑ Proposition 2.5 recognized the need for funding capital projects & improvements larger than what annual budgets can fund.
- ❑ Between 2029 and 2030 the Town expenses will increase in excess of the 2.5% limit and overrides will become the new normal (includes replacement debt only).
- Most recent override was 2008, 4,349 people voted.
- Most recent Debt Exclusion was 2011, 2,155 people voted.

Pros

- **Override decisions are decided at the polls where there can be greater and more convenient participation**
- **Expenses are capped at 2.5% and additional departmental requests will require voter approval**

Cons

- **Creates inflexibility in budgeting**
- **Has negative effect on Moody's rating**



Common Misconceptions About Proposition 2.5

- ❑ Property taxes cannot increase more than 2.5%.
 - Reality: Because Wayland has not reached its levy limit, it can raise taxes greater than 2.5% without going to the polls. Wayland can ask voters for their approval to lift the limits of Proposition 2½. Overrides can be permanent or temporary, though even temporary overrides tend to last for at least several years, if not a couple of decades.
- ❑ Individual tax bill increases are limited to 2.5%.
 - Reality: The limits in the law apply to the giant pool of money collected by each municipality; they do not directly apply to the amounts on people's individual tax bills.
- ❑ Individual property valuation increases are capped 2.5%.
 - Reality: Each tax bill is a unique combination of the local tax rate and the particular home's assessed value. Your bill could go up because you added a sunroom or bumped out a dormer. Or it could go up because your whole neighborhood has become more valuable.
- ❑ Changes in property values will impact the tax levy.
 - Reality: The levy is calculated based on the total amount of property taxes it collects, which is not dependent upon property values but the expenses of the town.



High Level Process Defined

- Voting at the polls only provides the Town with the ability to fund a project with exempt debt, it is not a vote to approve or vote down a project.
- Town meeting will decide:
 - Whether or not to go forward with the project
 - If exempt funding was approved at the polls, whether to use exempt debt or other means to fund the project.
 - If exempt debt was not approved at the polls to fund with non exempt debt or other means to fund the project.



Town of Wayland Massachusetts Debt Exclusion Hearing

Wayland's
history
since 1980

Fiscal YR	Vote Date	QUESTION	Vote Description	Clerk Desc	Amt Approved	Win / Loss	% Yes	Tot Vote	Yes	No
1980		No Questions								
1981		No Questions								
1982		Override								
1983	04/01/82	Debt Exclusion	ROADS	Assess Taxes	\$260,000	Passed	51.5%	3489	1796	1693
1984		Override								
1984		Override		Assess Taxes	\$289,900	WIN	61.3%	3326	2040	1286
1984		Override		Roads		LOSS	40.1%	2643	1059	1584
1984		Override		Landfill		LOSS	43.0%	2642	1136	1506
1985		Override		Library		PASS	49.7%	2590	1287	1303
1986	2	Override		Stonebridge		LOSS	53.7%	2430	1304	1126
1986	04/01/85	Debt Exclusion	LIBRARY	Stonebridge		LOSS	40.3%	2360	950	1410
1986		Override		Equipment		LOSS	53.1%	2400	1274	1126
1986	2	Override		Stonebridge		LOSS	37.1%	1620	601	1019
1988	04/01/87	Debt Exclusion	ROADS	Stonebridge		LOSS	38.6%	1627	628	999
1988		No Questions				WIN	53.5%	2695	1441	1254
1989		No Questions								
1990	04/01/89	Debt Exclusion	Rennov Various Sch 's/Town Building	Override Renovations		WIN	60.0%	3841	2306	1535
1990	04/01/89	Debt Exclusion	Design/Construct Landfill Site	Access Taxes Landfill		WIN	61.0%	3819	2330	1489
1990	04/01/89	Override	GENERAL OPERATING EXPENDITURES	Override Operations	900,000	LOSS	48.3%	3727	1,801	1,926
1990	09/01/89	Override	OPERATING	Access Local Aid Reduction	447,141	WIN	68.3%	3614	2,468	1,146
1991	04/01/90	Override	GENERAL OPERATING BUDGET	Override Operations	826,663	WIN	64.5%	4069	2,623	1,446
1991		Override		Override Capital		LOSS	5.0%	1902	95	1807
1992		No Questions								
1993		No Questions								
1994		No Questions								
1995	04/26/94	Debt Exclusion	Acquire Paine State Property			WIN	69.5%	3842	2671	1171
1995	04/26/94	Override	GENERAL OPERATING EXPENDITURES		1,150,091	WIN	59.9%	3832	2,297	1,535
1996		No Questions								
1997	04/23/96	Debt Exclusion	repair park facilities and school ground			WIN	54.6%	1418	774	644
1998	35535	Override	GENERAL OPERATION OF WAYLAND PUBLIC SCH.	School Override	756000	WIN	59.9%	3162	1895	1267
1999	04/28/98	Debt Exclusion	construct,design, equip publ safety bldg	Public Safety Bldg		WIN	64.6%	1090	704	386
1999	06/25/98	Debt Exclusion	ACQUIRE DOW CHEM.COMPANY PROPERTY	Dow		WIN	50.2%	1262	634	628
1999	2	Debt Exclusion		Raytheon		LOSS	42.5%	1099	467	632
1999	3	Debt Exclusion		ConCom		WIN	69.3%	1922	1331	591
2000	04/27/99	Debt Exclusion	repairs and construction middle school	School		WIN	73.2%	1921	1407	514
2000		Debt Exclusion		Raytheon		WIN	68.9%	1439	992	447
2001		Ballot Question	1.5% Community Preservation Act Tax added			WIN	57.8%	1273	736	537
2002		No Questions								
2003	04/23/02	Override	GENERAL OPERATING EXPENSES		1,300,000	WIN	57.8%	2306	1,334	972
2004	04/01/03	Debt Exclusion	DESIGN PHASE TO RENOVATE EXPAND FACILITIES ON LAND OWNED BY TOWN		\$375,000	LOSS	46.4%	3071	1425	1646
2004	11/18/03	Override	SCHOOL BUDGET		850,000	WIN	60.5%	2681	1,622	1,059
2005		Override		High School		LOSS	43.1%	4650	2005	2645
2006	04/26/05	Override	GENERAL OPERATING EXPENSES		2,300,000	WIN	55.9%	4696	2,623	2,073
2006	09/20/05	Debt Exclusion	CONSTRUCT AND ORIGINALLY EQUIP AND FURNISH ADDITIONS AND REMODEL ELEMENTARY SCHOOL			WIN	76.7%	850	652	198
2007	04/25/06	Debt Exclusion	REPLACE ELEMENTARY SCHOOL ROOF, REPAIR TOWN BUILDING, NEW FIRE TRUCK, LIBRARY ROOF	Capital		WIN	67.3%	5323	3581	1742
2007	04/25/06	Override	GENERAL OPERATING EXPENDITURES	Operating	2,100,000	WIN	55.3%	5419	2,995	2,424
2008	04/24/07	Debt Exclusion	FUND TOWN BUILDING REPAIRS-SCHOOL, SIDEWALK SNOW PLOW	Capital		WIN	73.3%	2268	1663	605
2009	04/08/08	Debt Exclusion	repair town bldg; public safety bldg;library;fire station; new truck for landfill operations; improvements to Cochituate Field; repairs to public school buildings	Capital		WIN	63.3%	4275	2705	1570
2009	04/08/08	Override	GENERAL OPERATING EXPENDITURES	Operating	1,896,000	WIN	55.3%	4349	2405	1944
2010	04/07/09	Debt Exclusion	repair municipal school building; pay for appraisal services relative to a physical inspection and measurement of taxable real property and purchase an ambulance and advanced life support system	Capital		WIN	72.8%	3416	2486	930
2010	04/07/09	Debt Exclusion	finance feasibility, schematic design and related services to rehab the wayland high school	Capital		WIN	71.0%	3407	2419	988
2010	11/17/09	Debt Exclusion	expand and modernize Wayland High School			WIN	94.0%	1576	1481	95
2010	11/17/09	Debt Exclusion	expand and modernize Wayland high school			WIN	70.0%	3717	2602	1115
2011	05/11/10	Debt Exclusion	purchase school technology equipment, repair and improve municipal bldgs and facilities;feasibility studies for senior services; purchase a street sweeper	Capital		WIN	51.3%	2343	1201	1142
2012	04/05/11	Debt Exclusion	purchase school technology equipment, plan and develop additional athletic and playing fields	Capital		WIN	53.8%	2155	1159	996

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Big 6 Impact: Finance Committee Guidelines

No	Guideline	Issue
1	Debt service as a percent of General Fund expenditures should generally be less than 10%.	Debt Service will be approximately \$8,905,899 (~12%) in 2020.
2	Total debt (all instruments that have direct recourse to the General Fund) should generally be less than 100% of annual general fund revenues.	Total Debt will be of 104% of General Fund Expenses in 2020.
3	Capital projects that are greater than \$1,000,000 should generally be funded with exempt debt.	Town has not used exempt debt since 2011.
4	Debt management recommendations should place appropriate emphasis on maintaining a high debt rating.	On 1/29/16 Moody's considered above average debt burden a weakness.
5	Debt financing should minimize interest costs.	Debt service should decline over life of any project being considered.
6	Funding expenses and debt within proposition 2.5 should minimize future operating overrides and debt exclusions.	On 1/29/16 Moody's considered Limited revenue flexibility given the tax levy limitations of Proposition 2.5 a weakness.

Town of Wayland Massachusetts Debt Exclusion Hearing



Big 6 Impact: Moody's scorecard factors and weights

Broad Rating Factors	Factor Weighting	Rating Subfactors	Subfactor Weighting
Economy/Tax Base	30%	Tax Base Size (full value)	10%
		Full Value Per Capita	10%
		Wealth (median family income)	10%
Finances	30%	Fund Balance (% of revenues)	10%
		Fund Balance Trend (5-year change)	5%
		Cash Balance (% of revenues)	10%
		Cash Balance Trend (5-year change)	5%
Management	20%	Institutional Framework	10%
		Operating History	10%
Debt/Pensions	20%	Debt to Full Value	5%
		Debt to Revenue	5%
		Moody's-adjusted Net Pension Liability (3-year average) to Full Value	5%
		Moody's-adjusted Net Pension Liability (3-year average) to Revenue	5%

**Decision will
effect 25% of
Moody's Rating
Criteria**

Town of Wayland Massachusetts Debt Exclusion Hearing



Big 6 Impact: Moody's scorecard factors and weights

No	Factor	Impact
1	Fund Balance (% of Revenue)	Debt Service will increase an estimated \$3.2MM and associated Fund Balance will increase an additional \$643,000 in 2020.
2	Fund Balance Trend (5-year change)	Fund balance trend will need to increase an estimated 5% from 2017 to 2020
3	Debt to Full Value	Debt to full value will increase from 1.8% in 2017 to an estimated 2% in 2020
4	Debt to Revenue	Debt to Revenue will increase from 73% in 2017 to an estimated 91% in 2020

Moody's considers issuing debt and voting to support projects as a positive sign of a healthy financial community that takes responsibility for its current & future needs.

Wayland Finance Committee, Jan 2018

Town of Wayland Massachusetts Debt Exclusion Hearing



Big 6 Impact: Levy Considerations

- ❑ There will be considerable growth in the Town's Levy
- ❑ Based on the FY 2019 projected operating expenses and 3.5% thereafter, there will be no unused levy by FY 2030 (no Big 6 debt service)

Fiscal Year	Prior Year Levy Limit	2 1/2 % Increase	New Growth	Subtotal	Debt Exclusion	Annual Max Levy Limit	Property Tax Revenue-Actual	Unused Levy	Property Tax Increase	Tax Rate
Fiscal 2017	\$ 64,104,631	\$ 1,602,616	\$ 802,285	\$ 66,509,532	\$ 4,235,430	\$ 70,744,962	\$ 62,712,000	\$ 8,032,962	7.43%	\$ -
Fiscal 2018	\$ 66,509,532	\$ 1,663,421	\$ 694,244	\$ 68,894,520	\$ 4,144,027	\$ 73,038,547	\$ 65,042,084	\$ 7,996,463	3.72%	\$ 18.03
Fiscal 2019	\$ 68,894,520	\$ 1,722,363	\$ 600,000	\$ 71,216,883	\$ 3,947,000	\$ 75,163,883	\$ 71,215,901	\$ 3,947,982	9.49%	\$ 19.35
Fiscal 2020	\$ 71,216,883	\$ 1,780,422	\$ 600,000	\$ 73,597,305	\$ 3,430,000	\$ 77,027,305	\$ 73,708,458	\$ 3,318,848	3.50%	\$ 19.64
Fiscal 2021	\$ 73,597,305	\$ 1,839,933	\$ 600,000	\$ 76,037,238	\$ 3,189,000	\$ 79,226,238	\$ 76,288,254	\$ 2,937,984	3.50%	\$ 19.93
Fiscal 2022	\$ 76,037,238	\$ 1,900,931	\$ 600,000	\$ 78,538,169	\$ 3,101,000	\$ 81,639,169	\$ 78,958,342	\$ 2,680,826	3.50%	\$ 20.22
Fiscal 2023	\$ 78,538,169	\$ 1,963,454	\$ 600,000	\$ 81,101,623	\$ 3,021,000	\$ 84,122,623	\$ 81,721,884	\$ 2,400,739	3.50%	\$ 20.52
Fiscal 2024	\$ 81,101,623	\$ 2,027,541	\$ 600,000	\$ 83,729,164	\$ 2,946,000	\$ 86,675,164	\$ 84,582,150	\$ 2,093,013	3.50%	\$ 20.82
Fiscal 2025	\$ 83,729,164	\$ 2,093,229	\$ 600,000	\$ 86,422,393	\$ 2,869,000	\$ 89,291,393	\$ 87,542,526	\$ 1,748,867	3.50%	\$ 21.13
Fiscal 2026	\$ 86,422,393	\$ 2,160,560	\$ 600,000	\$ 89,182,953	\$ 2,793,000	\$ 91,975,953	\$ 90,606,514	\$ 1,369,438	3.50%	\$ 21.44
Fiscal 2027	\$ 89,182,953	\$ 2,229,574	\$ 600,001	\$ 92,012,527	\$ 2,793,001	\$ 94,805,528	\$ 93,777,742	\$ 1,027,786	3.50%	\$ 21.75
Fiscal 2028	\$ 92,012,527	\$ 2,300,313	\$ 600,002	\$ 94,912,843	\$ 2,793,002	\$ 97,705,845	\$ 97,059,963	\$ 645,882	3.50%	\$ 22.07
Fiscal 2029	\$ 94,912,843	\$ 2,372,821	\$ 600,003	\$ 97,885,667	\$ 2,793,003	\$ 100,678,670	\$ 100,457,062	\$ 221,608	3.50%	\$ 22.40
Fiscal 2030	\$ 97,885,667	\$ 2,447,142	\$ 600,004	\$ 100,932,812	\$ 2,793,004	\$ 103,725,816	\$ 103,973,059	\$ (247,243)	3.50%	\$ 22.73
Fiscal 2031	\$ 100,932,812	\$ 2,523,320	\$ 600,005	\$ 104,056,138	\$ 2,793,005	\$ 106,849,143	\$ 107,612,116	\$ (762,973)	3.50%	\$ 23.06



Town of Wayland Massachusetts Debt Exclusion Hearing

Big 6 Impact: Levy Considerations

- ❑ A Big 6 debt exclusion results in delaying the exhaustion of the levy limit until FY 2030 (10 additional years).
- ❑ The Big 6 should be contingent upon Proposition 2.5 debt exclusion

Non Exempt Debt

Fiscal Year	Prior Year Levy Limit	2 1/2 % Increase	New Growth	Subtotal	Debt Exclusion	Annual Max Levy Limit	Property Tax Revenue-Actual	Big 6 Debt Service	Unused Levy	Property Tax Increase	Tax Rate
Fiscal 2017	\$ 64,104,631	\$ 1,602,616	\$ 802,285	\$ 66,509,532	\$ 4,235,430	\$ 70,744,962	\$ 62,712,000		\$ 8,032,962	7.43%	\$ -
Fiscal 2018	\$ 66,509,532	\$ 1,663,421	\$ 694,244	\$ 68,894,520	\$ 4,144,027	\$ 73,038,547	\$ 65,042,084		\$ 7,996,463	3.72%	\$ 18.03
Fiscal 2019	\$ 68,894,520	\$ 1,722,363	\$ 600,000	\$ 71,216,883	\$ 3,947,000	\$ 75,163,883	\$ 71,215,901		\$ 3,947,982	9.49%	\$ 19.35
Fiscal 2020	\$ 71,216,883	\$ 1,780,422	\$ 600,000	\$ 73,597,305	\$ 3,430,000	\$ 77,027,305	\$ 73,708,458	\$ 3,214,497	\$ 104,351	3.50%	\$ 20.50
Fiscal 2021	\$ 73,597,305	\$ 1,839,933	\$ 600,000	\$ 76,037,238	\$ 3,189,000	\$ 79,226,238	\$ 76,288,254	\$ 3,058,643	\$ (120,659)	3.50%	\$ 20.73
Fiscal 2022	\$ 76,037,238	\$ 1,900,931	\$ 600,000	\$ 78,538,169	\$ 3,101,000	\$ 81,639,169	\$ 78,958,342	\$ 2,902,789	\$ (221,963)	3.50%	\$ 20.96
Fiscal 2023	\$ 78,538,169	\$ 1,963,454	\$ 600,000	\$ 81,101,623	\$ 3,021,000	\$ 84,122,623	\$ 81,721,884	\$ 2,746,935	\$ (346,197)	3.50%	\$ 21.21
Fiscal 2024	\$ 81,101,623	\$ 2,027,541	\$ 600,000	\$ 83,729,164	\$ 2,946,000	\$ 86,675,164	\$ 84,582,150	\$ 2,591,082	\$ (498,068)	3.50%	\$ 21.46
Fiscal 2025	\$ 83,729,164	\$ 2,093,229	\$ 600,000	\$ 86,422,393	\$ 2,869,000	\$ 89,291,393	\$ 87,542,526	\$ 2,435,228	\$ (686,361)	3.50%	\$ 21.71

Exempt Debt

Fiscal Year	Prior Year Levy Limit	2 1/2 % Increase	New Growth	Subtotal	Debt Exclusion	Annual Max Levy Limit	Property Tax Revenue-Actual	Unused Levy	Property Tax Increase	Tax Rate
Fiscal 2017	\$ 64,104,631	\$ 1,602,616	\$ 802,285	\$ 66,509,532	\$ 4,235,430	\$ 70,744,962	\$ 62,712,000	\$ 8,032,962	7.43%	\$ -
Fiscal 2018	\$ 66,509,532	\$ 1,663,421	\$ 694,244	\$ 68,894,520	\$ 4,144,027	\$ 73,038,547	\$ 65,042,084	\$ 7,996,463	3.72%	\$ 18.03
Fiscal 2019	\$ 68,894,520	\$ 1,722,363	\$ 600,000	\$ 71,216,883	\$ 3,947,000	\$ 75,163,883	\$ 71,215,901	\$ 3,947,982	9.49%	\$ 19.35
Fiscal 2020	\$ 71,216,883	\$ 1,780,422	\$ 600,000	\$ 73,597,305	\$ 6,644,497	\$ 80,241,802	\$ 76,922,954	\$ 3,318,848	3.50%	\$ 20.50
Fiscal 2021	\$ 73,597,305	\$ 1,839,933	\$ 600,000	\$ 76,037,238	\$ 6,247,643	\$ 82,284,881	\$ 79,346,896	\$ 2,937,984	3.50%	\$ 20.73
Fiscal 2022	\$ 76,037,238	\$ 1,900,931	\$ 600,000	\$ 78,538,169	\$ 6,003,789	\$ 84,541,958	\$ 81,861,132	\$ 2,680,826	3.50%	\$ 20.96
Fiscal 2023	\$ 78,538,169	\$ 1,963,454	\$ 600,000	\$ 81,101,623	\$ 5,767,935	\$ 86,869,558	\$ 84,468,820	\$ 2,400,739	3.50%	\$ 21.21
Fiscal 2024	\$ 81,101,623	\$ 2,027,541	\$ 600,000	\$ 83,729,164	\$ 5,537,082	\$ 89,266,245	\$ 87,173,232	\$ 2,093,013	3.50%	\$ 21.46
Fiscal 2025	\$ 83,729,164	\$ 2,093,229	\$ 600,000	\$ 86,422,393	\$ 5,304,228	\$ 91,726,621	\$ 89,977,754	\$ 1,748,867	3.50%	\$ 21.71
Fiscal 2026	\$ 86,422,393	\$ 2,160,560	\$ 600,000	\$ 89,182,953	\$ 5,162,374	\$ 94,345,327	\$ 92,975,888	\$ 1,369,438	3.50%	\$ 22.00
Fiscal 2027	\$ 89,182,953	\$ 2,229,574	\$ 600,001	\$ 92,012,527	\$ 5,096,522	\$ 97,109,049	\$ 96,081,263	\$ 1,027,786	3.50%	\$ 22.29
Fiscal 2028	\$ 92,012,527	\$ 2,300,313	\$ 600,002	\$ 94,912,843	\$ 5,030,669	\$ 99,943,511	\$ 99,297,630	\$ 645,882	3.50%	\$ 22.58
Fiscal 2029	\$ 94,912,843	\$ 2,372,821	\$ 600,003	\$ 97,885,667	\$ 4,964,816	\$ 102,850,483	\$ 102,628,875	\$ 221,608	3.50%	\$ 22.88
Fiscal 2030	\$ 97,885,667	\$ 2,447,142	\$ 600,004	\$ 100,932,812	\$ 4,576,463	\$ 105,509,276	\$ 105,756,518	\$ (247,243)	3.50%	\$ 23.12



Big 6 Decision Making Knobs

What limit should we impose and how will that limit impact sequencing of the proposed projects



TIMING

- Stage Project over time
- \$500k in debt service retired each year
- Availability of Staff Resources to implement projects

BUDGET

- To avoid an override between 2029 and 2030, only increase property taxes up to 3.5% per year

RATES

- Historically low interest rates
- Indications that rates will rise in the future
- Timing of principal and interest payments

USE OF FUNDS

- Initial focus should be on maintenance of assets
- Secondary focus should be on new assets

FINANCIAL GUIDELINES

- Preserve levy capacity to minimize future overrides**
- Add up to \$2MM in new capital per year
- Maintain existing assets with up to \$3MM per year

Town of Wayland Massachusetts Debt Exclusion Hearing



Recommendations

- Preserve levy by holding increases to property taxes to 2.5% on average
- Prioritize asset maintenance
- Vote to recharacterize debt from non exempt to exempt to extend levy capacity
 - DPW
 - Candidate projects from FY 2013 to FY 2018
- Fund Council on Aging design work (\$470,000), Town Building windows design (\$65,000) and Town Building interior design (\$375,000) should be paid for with cash capital or equivalent.
- Manage projects to 5 year plan such as Loker and Station 2.
- Pair down the debt burden to remain under 100% of General Fund Budget (including future Council on Aging project) (Approximately: -10MM)
- Paire down the debt burden to remain under guideline (Approximately: -1MM)
- Adjust timing of the projects to minimize impact on tax rate
- Review and consider impact on Town-wide operating expenses.

Town of Wayland Massachusetts Debt Exclusion Hearing



Conclusion

- ❑ This presentation is a review of the Town's financial position with the following objectives in mind:
 - Should the Town fund six major capital projects with exempt debt? **YES**
 - Will the Town stay within Finance Committee guidelines? **NO**

Scorecard	Rating
Moody's	
Guidelines	
Town Finances	
Town Levy	

Town of Wayland Massachusetts Debt Exclusion Hearing



1

Situation Summary

2

Process & Proposition 2 1/2

3

Project Impact & Recommendations

4

Project Analysis

5

Q&A and Additional Information



Town of Wayland Massachusetts Debt Exclusion Hearing

Project: Library

Financial Pros

- Town's Aaa rating
- \$10,137,980 State Grant
- \$354,829 LEED Grant
- \$750,000 contribution
- Low 4.5% borrowing rate



Fiscal Year	Library Debt Service Cost	Library (Interest Only)	Residential Impact		
			Median Home Value	Tax Rate Impact	Tax Impact
Fiscal Year 2020	\$ 1,504,322	\$ 450,000	\$ 591,350	\$ 0.52	\$ 308
Fiscal Year 2021	\$ 1,472,465	\$ 360,000	\$ 603,177	\$ 0.48	\$ 289
Fiscal Year 2022	\$ 1,440,609	\$ 270,000	\$ 615,241	\$ 0.44	\$ 270
Fiscal Year 2023	\$ 1,408,753	\$ 180,000	\$ 627,545	\$ 0.40	\$ 250
Fiscal Year 2024	\$ 1,376,897	\$ 90,000	\$ 640,096	\$ 0.36	\$ 231
Fiscal Year 2025	\$ 1,345,040	\$ -	\$ 652,898	\$ 0.32	\$ 212
Fiscal Year 2026	\$ 1,313,184	\$ -	\$ 665,956	\$ 0.31	\$ 207
Fiscal Year 2027	\$ 1,281,328	\$ -	\$ 679,275	\$ 0.30	\$ 202
Fiscal Year 2028	\$ 1,249,472	\$ -	\$ 692,861	\$ 0.28	\$ 197
Fiscal Year 2029	\$ 1,217,616	\$ -	\$ 706,718	\$ 0.27	\$ 192
Fiscal Year 2030	\$ 1,185,759	\$ -	\$ 720,852	\$ 0.26	\$ 187
Fiscal Year 2031	\$ 1,153,903	\$ -	\$ 735,269	\$ 0.25	\$ 182
Fiscal Year 2032	\$ 1,122,047	\$ -	\$ 749,975	\$ 0.24	\$ 177
Fiscal Year 2033	\$ 1,090,191	\$ -	\$ 764,974	\$ 0.22	\$ 172
Fiscal Year 2034	\$ 1,058,334	\$ -	\$ 780,274	\$ 0.21	\$ 167
Fiscal Year 2035	\$ 1,026,478	\$ -	\$ 795,879	\$ 0.20	\$ 162
Fiscal Year 2036	\$ 994,622	\$ -	\$ 811,797	\$ 0.19	\$ 157
Fiscal Year 2037	\$ 962,766	\$ -	\$ 828,033	\$ 0.18	\$ 152
Fiscal Year 2038	\$ 930,910	\$ -	\$ 844,593	\$ 0.17	\$ 147
Fiscal Year 2039	\$ 899,053	\$ -	\$ 861,485	\$ 0.16	\$ 142
Fiscal Year 2040	\$ 867,197	\$ -	\$ 878,715	\$ 0.16	\$ 137
Fiscal Year 2041	\$ 835,341	\$ -	\$ 896,289	\$ 0.15	\$ 132
Fiscal Year 2042	\$ 803,485	\$ -	\$ 914,215	\$ 0.14	\$ 127
Fiscal Year 2043	\$ 771,628	\$ -	\$ 932,499	\$ 0.13	\$ 122
Fiscal Year 2044	\$ 739,772	\$ -	\$ 951,149	\$ 0.12	\$ 117
Total for Entire Term	\$ 28,051,173	\$ 1,350,000	Average Home Value \$ 757,645	Average Tax Rate \$ 0.26	Total Tax Bill \$ 4,632

Tax Impact uses FY 2018 Median Home Value increasing at 2% per year

Financial Cons

- 25 year amortization period
- Significant commitment of capital





Town of Wayland Massachusetts Debt Exclusion Hearing

Project: High School

Financial Pros

- Bond Rates are low
- Town's Aaa rating
- CPA Funds \$350,000
- Recreation Funds \$175,000



Fiscal Year	High School Field Part 1 Turf Only	High School 1 Balance	High School Field Part 2	Residential Impact		
				Median Home Value	Tax Rate Impact	Tax Impact
Fiscal Year 2020	\$ 177,625	\$ 199,500	\$ 152,950	\$ 591,350	\$ 0.14	\$ 308
Fiscal Year 2021	\$ 172,113	\$ 194,775	\$ 149,328	\$ 603,177	\$ 0.13	\$ 289
Fiscal Year 2022	\$ 166,600	\$ 190,050	\$ 145,705	\$ 615,241	\$ 0.13	\$ 270
Fiscal Year 2023	\$ 161,088	\$ 185,325	\$ 142,083	\$ 627,545	\$ 0.12	\$ 250
Fiscal Year 2024	\$ 155,575	\$ 180,600	\$ 138,460	\$ 640,096	\$ 0.12	\$ 231
Fiscal Year 2025	\$ 150,063	\$ 175,875	\$ 134,838	\$ 652,898	\$ 0.11	\$ 212
Fiscal Year 2026	\$ 144,550	\$ 171,150	\$ 131,215	\$ 665,956	\$ 0.11	\$ 207
Fiscal Year 2027	\$ 139,038	\$ 166,425	\$ 127,593	\$ 679,275	\$ 0.10	\$ 202
Fiscal Year 2028	\$ 133,525	\$ 161,700	\$ 123,970	\$ 692,861	\$ 0.10	\$ 197
Fiscal Year 2029	\$ 128,013	\$ 156,975	\$ 120,348	\$ 706,718	\$ 0.09	\$ 192
Fiscal Year 2030	\$ -	\$ 152,250	\$ 116,725	\$ 720,852	\$ 0.06	\$ 187
Fiscal Year 2031	\$ -	\$ 147,525	\$ 113,103	\$ 735,269	\$ 0.06	\$ 182
Fiscal Year 2032	\$ -	\$ 142,800	\$ 109,480	\$ 749,975	\$ 0.05	\$ 177
Fiscal Year 2033	\$ -	\$ 138,075	\$ 105,858	\$ 764,974	\$ 0.05	\$ 172
Fiscal Year 2034	\$ -	\$ 133,350	\$ 102,235	\$ 780,274	\$ 0.05	\$ 167
Fiscal Year 2035	\$ -	\$ 128,625	\$ 98,613	\$ 795,879	\$ 0.04	\$ 162
Fiscal Year 2036	\$ -	\$ 123,900	\$ 94,990	\$ 811,797	\$ 0.04	\$ 157
Fiscal Year 2037	\$ -	\$ 119,175	\$ 91,368	\$ 828,033	\$ 0.04	\$ 152
Fiscal Year 2038	\$ -	\$ 114,450	\$ 87,745	\$ 844,593	\$ 0.04	\$ 147
Fiscal Year 2039	\$ -	\$ 109,725	\$ 84,123	\$ 861,485	\$ 0.04	\$ 142
Fiscal Year 2040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2043	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total for Entire Term	Total Debt Service	Total Debt Service	Total Debt Service	Average Home Value	Average Tax Rate	Total Tax Bill
	\$ 1,528,188	\$ 3,092,250	\$ 2,370,725	\$ 718,412	\$ 0.08	\$ 3,999

Tax Impact uses FY 2018 Median Home Value increasing at 2% per year

Financial Cons

- 20 year amortization period
- Significant commitment of capital
- Turf Field requires replacement during amortization period





Town of Wayland Massachusetts Debt Exclusion Hearing

Project: Loker

Financial Pros

- Bond Rates are low
- Town's Aaa rating



Fiscal Year	Loker, Turf Only	Residential Impact		
		Median Home Value	Tax Rate Impact	Tax Impact
Fiscal Year 2020	\$ 290,000	\$ 591,350	\$ 0.08	\$ 46
Fiscal Year 2021	\$ 281,000	\$ 603,177	\$ 0.07	\$ 44
Fiscal Year 2022	\$ 272,000	\$ 615,241	\$ 0.07	\$ 43
Fiscal Year 2023	\$ 263,000	\$ 627,545	\$ 0.07	\$ 41
Fiscal Year 2024	\$ 254,000	\$ 640,096	\$ 0.06	\$ 40
Fiscal Year 2025	\$ 245,000	\$ 652,898	\$ 0.06	\$ 39
Fiscal Year 2026	\$ 236,000	\$ 665,956	\$ 0.06	\$ 37
Fiscal Year 2027	\$ 227,000	\$ 679,275	\$ 0.05	\$ 36
Fiscal Year 2028	\$ 218,000	\$ 692,861	\$ 0.05	\$ 34
Fiscal Year 2029	\$ 209,000	\$ 706,718	\$ 0.05	\$ 33
Fiscal Year 2030	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2031	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2032	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2033	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2034	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2035	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2036	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2037	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2038	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2039	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2040	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2041	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2042	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2043	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2044	\$ -	\$ -	\$ -	\$ -
Total for Entire Term	Total Debt Service \$ 2,495,000	Median Home Value \$ 323,756	Average Tax Rate \$ 0.03	Total Tax Bill \$ 393

Financial Cons

- 10 year amortization period
- Turf Field requires replacement during amortization period
- Timing was accelerated from 2021



Tax Impact uses FY 2018 Median Home Value increasing at 2% per year

Year 1 Taxpayer Calculator: Assessed Value / 1,000 X \$0.08



Town of Wayland Massachusetts Debt Exclusion Hearing

Project: Town Building Renovations

Financial Pros

- Bond Rates are low
- Town's Aaa rating



Fiscal Year	Town Building Renovations	Residential Impact		
		Median Home Value	Tax Rate Impact	Tax Impact
Fiscal Year 2020	\$ 224,450	\$ 591,350	\$ 0.06	\$ 35
Fiscal Year 2021	\$ 218,420	\$ 603,177	\$ 0.06	\$ 34
Fiscal Year 2022	\$ 212,390	\$ 615,241	\$ 0.05	\$ 33
Fiscal Year 2023	\$ 206,360	\$ 627,545	\$ 0.05	\$ 33
Fiscal Year 2024	\$ 200,330	\$ 640,096	\$ 0.05	\$ 32
Fiscal Year 2025	\$ 194,300	\$ 652,898	\$ 0.05	\$ 31
Fiscal Year 2026	\$ 188,270	\$ 665,956	\$ 0.04	\$ 30
Fiscal Year 2027	\$ 182,240	\$ 679,275	\$ 0.04	\$ 29
Fiscal Year 2028	\$ 176,210	\$ 692,861	\$ 0.04	\$ 28
Fiscal Year 2029	\$ 170,180	\$ 706,718	\$ 0.04	\$ 27
Fiscal Year 2030	\$ 164,150	\$ 720,852	\$ 0.04	\$ 26
Fiscal Year 2031	\$ 158,120	\$ 735,269	\$ 0.03	\$ 25
Fiscal Year 2032	\$ 152,090	\$ 749,975	\$ 0.03	\$ 24
Fiscal Year 2033	\$ 146,060	\$ 764,974	\$ 0.03	\$ 23
Fiscal Year 2034	\$ 140,030	\$ 780,274	\$ 0.03	\$ 22
Fiscal Year 2035	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2036	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2037	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2038	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2039	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2040	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2041	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2042	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2043	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2044	\$ -	\$ -	\$ -	\$ -
Total for Entire Term	\$ 2,733,600	\$ 681,764	\$ 0.04	\$ 431

Financial Cons

- 15 year amortization period
- Three unrelated projects are combined into one request
- Windows design and interior design should be paid for by cash capital.



Tax Impact uses FY 2018 Median Home Value increasing at 2% per year



Town of Wayland Massachusetts Debt Exclusion Hearing

Project: Station 2 Renovation

Financial Pros

- Bond Rates are low
- Town's Aaa rating
- This was already delayed several years



Fiscal Year	Station 2 Renovation	Residential Impact		
		Median Home Value	Tax Rate Impact	Tax Impact
Fiscal Year 2020	\$ 171,000	\$ 591,350	\$ 0.05	\$ 27
Fiscal Year 2021	\$ 166,950	\$ 603,177	\$ 0.04	\$ 26
Fiscal Year 2022	\$ 162,900	\$ 615,241	\$ 0.04	\$ 26
Fiscal Year 2023	\$ 158,850	\$ 627,545	\$ 0.04	\$ 25
Fiscal Year 2024	\$ 154,800	\$ 640,096	\$ 0.04	\$ 24
Fiscal Year 2025	\$ 150,750	\$ 652,898	\$ 0.04	\$ 24
Fiscal Year 2026	\$ 146,700	\$ 665,956	\$ 0.03	\$ 23
Fiscal Year 2027	\$ 142,650	\$ 679,275	\$ 0.03	\$ 22
Fiscal Year 2028	\$ 138,600	\$ 692,861	\$ 0.03	\$ 22
Fiscal Year 2029	\$ 134,550	\$ 706,718	\$ 0.03	\$ 21
Fiscal Year 2030	\$ 130,500	\$ 720,852	\$ 0.03	\$ 21
Fiscal Year 2031	\$ 126,450	\$ 735,269	\$ 0.03	\$ 20
Fiscal Year 2032	\$ 122,400	\$ 749,975	\$ 0.03	\$ 19
Fiscal Year 2033	\$ 118,350	\$ 764,974	\$ 0.02	\$ 19
Fiscal Year 2034	\$ 114,300	\$ 780,274	\$ 0.02	\$ 18
Fiscal Year 2035	\$ 110,250	\$ 795,879	\$ 0.02	\$ 17
Fiscal Year 2036	\$ 106,200	\$ 811,797	\$ 0.02	\$ 17
Fiscal Year 2037	\$ 102,150	\$ 828,033	\$ 0.02	\$ 16
Fiscal Year 2038	\$ 98,100	\$ 844,593	\$ 0.02	\$ 15
Fiscal Year 2039	\$ 94,050	\$ 861,485	\$ 0.02	\$ 15
Fiscal Year 2040	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2041	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2042	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2043	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2044	\$ -	\$ -	\$ -	\$ -
Total for Entire Term	Total Debt Service \$ 2,650,500	Average Home Value \$ 718,412	Average Tax Rate \$ 0.03	Total Tax Bill \$ 418

Financial Cons

- 20 year amortization period





Town of Wayland Massachusetts Debt Exclusion Hearing

Project: Council on Aging Design

Financial Pros

- Bond Rates are low
- Town's Aaa rating



Fiscal Year	Council on Aging	Residential Impact		
		Median Home Value	Tax Rate Impact	Tax Impact
Fiscal Year 2020	\$ 44,650	\$ 591,350	\$ 0.01	\$ 7
Fiscal Year 2021	\$ 43,593	\$ 603,177	\$ 0.01	\$ 7
Fiscal Year 2022	\$ 42,535	\$ 615,241	\$ 0.01	\$ 7
Fiscal Year 2023	\$ 41,478	\$ 627,545	\$ 0.01	\$ 7
Fiscal Year 2024	\$ 40,420	\$ 640,096	\$ 0.01	\$ 6
Fiscal Year 2025	\$ 39,363	\$ 652,898	\$ 0.01	\$ 6
Fiscal Year 2026	\$ 38,305	\$ 665,956	\$ 0.01	\$ 6
Fiscal Year 2027	\$ 37,248	\$ 679,275	\$ 0.01	\$ 6
Fiscal Year 2028	\$ 36,190	\$ 692,861	\$ 0.01	\$ 6
Fiscal Year 2029	\$ 35,133	\$ 706,718	\$ 0.01	\$ 6
Fiscal Year 2030	\$ 34,075	\$ 720,852	\$ 0.01	\$ 5
Fiscal Year 2031	\$ 33,018	\$ 735,269	\$ 0.01	\$ 5
Fiscal Year 2032	\$ 31,960	\$ 749,975	\$ 0.01	\$ 5
Fiscal Year 2033	\$ 30,903	\$ 764,974	\$ 0.01	\$ 5
Fiscal Year 2034	\$ 29,845	\$ 780,274	\$ 0.01	\$ 5
Fiscal Year 2035	\$ 28,788	\$ 795,879	\$ 0.01	\$ 5
Fiscal Year 2036	\$ 27,730	\$ 811,797	\$ 0.01	\$ 4
Fiscal Year 2037	\$ 26,673	\$ 828,033	\$ 0.01	\$ 4
Fiscal Year 2038	\$ 25,615	\$ 844,593	\$ 0.00	\$ 4
Fiscal Year 2039	\$ 24,558	\$ 861,485	\$ 0.00	\$ 4
Fiscal Year 2040	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2041	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2042	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2043	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2044	\$ -	\$ -	\$ -	\$ -
Total for Entire Term	Total Debt Service \$ 692,075	Average Home Value \$ 718,412	Average Tax Rate \$ 0.01	Total Tax Bill \$ 109

Financial Cons

- 20 year amortization period
- Only design, full project cost will be before the Town next year adding more debt



Tax Impact uses FY 2018 Median Home Value increasing at 2% per year

Year 1 Taxpayer Calculator: Assessed Value / 1,000 X \$0.01



Town of Wayland Massachusetts Debt Exclusion Hearing

“Big 6” Start Now Option

Fiscal Year	Library Debt Service Cost	Library (Interest Only)	High School Field Part 1 Turf Only	High School 1 Balance	High School Field Part 2	Loker, Turf Only	Town Building Renovations	Station 2 Renovation	Council on Aging Design	Median Home Value	Residential Impact	
											Tax Rate Impact	Tax Impact
Fiscal Year 2020	\$ 1,504,322	\$ 450,000	\$ 177,625	\$ 199,500	\$ 152,950	\$ 290,000	\$ 224,450	\$ 171,000	\$ 44,650	\$ 591,350	\$ 0.86	\$ 506
Fiscal Year 2021	\$ 1,472,465	\$ 360,000	\$ 172,113	\$ 194,775	\$ 149,328	\$ 281,000	\$ 218,420	\$ 166,950	\$ 43,593	\$ 603,177	\$ 0.80	\$ 482
Fiscal Year 2022	\$ 1,440,609	\$ 270,000	\$ 166,600	\$ 190,050	\$ 145,705	\$ 272,000	\$ 212,390	\$ 162,900	\$ 42,535	\$ 615,241	\$ 0.74	\$ 457
Fiscal Year 2023	\$ 1,408,753	\$ 180,000	\$ 161,088	\$ 185,325	\$ 142,083	\$ 263,000	\$ 206,360	\$ 158,850	\$ 41,478	\$ 627,545	\$ 0.69	\$ 433
Fiscal Year 2024	\$ 1,376,897	\$ 90,000	\$ 155,575	\$ 180,600	\$ 138,460	\$ 254,000	\$ 200,330	\$ 154,800	\$ 40,420	\$ 640,096	\$ 0.64	\$ 408
Fiscal Year 2025	\$ 1,345,040	\$ -	\$ 150,063	\$ 175,875	\$ 134,838	\$ 245,000	\$ 194,300	\$ 150,750	\$ 39,363	\$ 652,898	\$ 0.59	\$ 384
Fiscal Year 2026	\$ 1,313,184	\$ -	\$ 144,550	\$ 171,150	\$ 131,215	\$ 236,000	\$ 188,270	\$ 146,700	\$ 38,305	\$ 665,956	\$ 0.56	\$ 373
Fiscal Year 2027	\$ 1,281,328	\$ -	\$ 139,038	\$ 166,425	\$ 127,593	\$ 227,000	\$ 182,240	\$ 142,650	\$ 37,248	\$ 679,275	\$ 0.53	\$ 363
Fiscal Year 2028	\$ 1,249,472	\$ -	\$ 133,525	\$ 161,700	\$ 123,970	\$ 218,000	\$ 176,210	\$ 138,600	\$ 36,190	\$ 692,861	\$ 0.51	\$ 353
Fiscal Year 2029	\$ 1,217,616	\$ -	\$ 128,013	\$ 156,975	\$ 120,348	\$ 209,000	\$ 170,180	\$ 134,550	\$ 35,133	\$ 706,718	\$ 0.48	\$ 342
Fiscal Year 2030	\$ 1,185,759	\$ -	\$ -	\$ 152,250	\$ 116,725	\$ -	\$ 164,150	\$ 130,500	\$ 34,075	\$ 720,852	\$ 0.39	\$ 281
Fiscal Year 2031	\$ 1,153,903	\$ -	\$ -	\$ 147,525	\$ 113,103	\$ -	\$ 158,120	\$ 126,450	\$ 33,018	\$ 735,269	\$ 0.37	\$ 273
Fiscal Year 2032	\$ 1,122,047	\$ -	\$ -	\$ 142,800	\$ 109,480	\$ -	\$ 152,090	\$ 122,400	\$ 31,960	\$ 749,975	\$ 0.35	\$ 265
Fiscal Year 2033	\$ 1,090,191	\$ -	\$ -	\$ 138,075	\$ 105,858	\$ -	\$ 146,060	\$ 118,350	\$ 30,903	\$ 764,974	\$ 0.34	\$ 257
Fiscal Year 2034	\$ 1,058,334	\$ -	\$ -	\$ 133,350	\$ 102,235	\$ -	\$ 140,030	\$ 114,300	\$ 29,845	\$ 780,274	\$ 0.32	\$ 249
Fiscal Year 2035	\$ 1,026,478	\$ -	\$ -	\$ 128,625	\$ 98,613	\$ -	\$ -	\$ 110,250	\$ 28,788	\$ 795,879	\$ 0.28	\$ 219
Fiscal Year 2036	\$ 994,622	\$ -	\$ -	\$ 123,900	\$ 94,990	\$ -	\$ -	\$ 106,200	\$ 27,730	\$ 811,797	\$ 0.26	\$ 212
Fiscal Year 2037	\$ 962,766	\$ -	\$ -	\$ 119,175	\$ 91,368	\$ -	\$ -	\$ 102,150	\$ 26,673	\$ 828,033	\$ 0.25	\$ 205
Fiscal Year 2038	\$ 930,910	\$ -	\$ -	\$ 114,450	\$ 87,745	\$ -	\$ -	\$ 98,100	\$ 25,615	\$ 844,593	\$ 0.23	\$ 198
Fiscal Year 2039	\$ 899,053	\$ -	\$ -	\$ 109,725	\$ 84,123	\$ -	\$ -	\$ 94,050	\$ 24,558	\$ 861,485	\$ 0.22	\$ 191
Fiscal Year 2040	\$ 867,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 878,715	\$ 0.16	\$ 137
Fiscal Year 2041	\$ 835,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 896,289	\$ 0.15	\$ 132
Fiscal Year 2042	\$ 803,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 914,215	\$ 0.14	\$ 127
Fiscal Year 2043	\$ 771,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 932,499	\$ 0.13	\$ 122
Fiscal Year 2044	\$ 739,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 951,149	\$ 0.12	\$ 117
Total for Entire Term	\$ 28,051,173	\$ 1,350,000	\$ 1,528,188	\$ 3,092,250	\$ 2,370,725	\$ 2,495,000	\$ 2,733,600	\$ 2,650,500	\$ 692,075	Average Home Value \$ 757,645	Average Tax Rate 0.40	Total Tax Impact \$ 7,084

Tax Impact uses FY 2018 Median Home Value increasing at 2% per year

Town of Wayland Massachusetts Debt Exclusion Hearing



“Big 6” Scheduling Option (EXAMPLE ONLY)

Fiscal Year	Library Debt Service Cost	Library (Interest Only)	High School Field Part 1 Turf Only	High School 1 Balance	High School Field Part 2	Loker, Turf Only	Town Building Renovations	Station 2 Renovation	CoA /CC Design	Median Home Value	Tax Rate Impact	Tax Impact
Fiscal Year 2020			177,625	199,500			224,450	171,000		591,350	0.21	122
Fiscal Year 2021			172,113	194,775			218,420	166,950		603,177	0.20	119
Fiscal Year 2022			166,600	190,050			212,390	162,900		615,241	0.19	115
Fiscal Year 2023			161,088	185,325			206,360	158,850		627,545	0.18	112
Fiscal Year 2024			155,575	180,600			200,330	154,800		640,096	0.17	109
Fiscal Year 2025			150,063	175,875	152,950		194,300	150,750		652,898	0.20	130
Fiscal Year 2026			144,550	171,150	149,328		188,270	146,700		665,956	0.19	126
Fiscal Year 2027			139,038	166,425	145,705		182,240	142,650		679,275	0.18	122
Fiscal Year 2028			133,525	161,700	142,083		176,210	138,600		692,861	0.17	119
Fiscal Year 2029			128,013	156,975	138,460		170,180	134,550		706,718	0.16	115
Fiscal Year 2030	1,504,322	450,000		152,250	134,838		164,150	130,500		720,852	0.55	400
Fiscal Year 2031	1,472,465	360,000		147,525	131,215		158,120	126,450		735,269	0.51	377
Fiscal Year 2032	1,440,609	270,000		142,800	127,593		152,090	122,400		749,975	0.47	355
Fiscal Year 2033	1,408,753	180,000		138,075	123,970		146,060	118,350		764,974	0.44	333
Fiscal Year 2034	1,376,897	90,000		133,350	120,348		140,030	114,300		780,274	0.40	311
Fiscal Year 2035	1,345,040			128,625	116,725			110,250		795,879	0.34	268
Fiscal Year 2036	1,313,184			123,900	113,103			106,200		811,797	0.32	261
Fiscal Year 2037	1,281,328			119,175	109,480			102,150		828,033	0.31	254
Fiscal Year 2038	1,249,472			114,450	105,858			98,100		844,593	0.29	247
Fiscal Year 2039	1,217,616			109,725	102,235			94,050	44,650	861,485	0.29	247
Fiscal Year 2040	1,185,759				98,613				43,593	878,715	0.24	209
Fiscal Year 2041	1,153,903				94,990				42,535	896,289	0.23	203
Fiscal Year 2042	1,122,047				91,368				41,478	914,215	0.22	198
Fiscal Year 2043	1,090,191				87,745	290,000			40,420	932,499	0.25	238
Fiscal Year 2044	1,058,334				84,123	281,000			39,363	951,149	0.24	230
Fiscal Year 2045	1,026,478					272,000			38,305	970,172	0.22	211
Fiscal Year 2046	994,622					263,000			37,248	989,576	0.21	204
Fiscal Year 2047	962,766					254,000			36,190	1,009,367	0.20	197
Fiscal Year 2048	930,910					245,000			35,133	1,029,555	0.19	191
Fiscal Year 2049	899,053					236,000			34,075	1,050,146	0.18	184
Fiscal Year 2050	867,197					227,000			33,018	1,071,149	0.17	178
Fiscal Year 2051	835,341					218,000			31,960	1,092,572	0.16	171
Fiscal Year 2052	803,485					209,000			30,903	1,114,423	0.15	164
Fiscal Year 2053	771,628					-			29,845	1,136,712	0.11	126
Fiscal Year 2054	739,772					-			28,788	1,159,446	0.10	121
Total for Entire Term	Total Debt Service	Total Debt Service	Total Debt Service	Total Debt Service	Total Debt Service	Total Debt Service	Total Debt Service	Total Debt Service	Total Debt Service	Median Home Value	Average Tax Rate	Total Tax Bill
	\$ 24,033,750	\$ 1,350,000	\$ 1,528,188	\$ 3,092,250	\$ 2,370,725	\$ 1,841,000	\$ 2,733,600	\$ 2,650,500	\$ 432,988	\$ 799,664	\$ 0.26	\$ 7,068

Wayland Finance Committee, Jan 2018

Tax Impact uses FY 2018 Median Home Value increasing at 2% per year

Town of Wayland Massachusetts Debt Exclusion Hearing



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Situation Summary

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Process & Proposition 2 1/2

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Project Impact & Recommendations

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Project Analysis

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Q&A and Additional Information

Town of Wayland Massachusetts Debt Exclusion Hearing



Q&A

Town of Wayland Massachusetts Debt Exclusion Hearing



Appendix



Major Points of Proposition 2.5

- It establishes an annual levy limit for every city & town.
- It establishes an annual levy ceiling for every city & town.
- The provisions of Proposition 2½ are incorporated within state law regulating municipal taxation- MGL Chapter 59
- Proposition 2.5 is a voter initiative law that limits the property tax levy of cities and towns.
- It was enacted in the 1980 state election and took effect for fiscal year 1982.
- The Department of Revenue is the state agency that regulates Proposition 2½ (as it does for all municipal finance matters). See DOR publication entitled Proposition 2½ Ballot Questions, Requirements and Procedures dated August 2017.



What is a Levy Limit?

- ❑ The tax levy is the amount of revenue raised by a municipality through the real and personal property tax.
- ❑ The levy limit is the maximum dollar amount a city or town can raise through property taxes in a given fiscal year.
- ❑ The annual levy limit change is determined through a formula that includes a statutory 2.5% increase, an allowance for new growth, **debt and capital expenditure exclusions**, and general overrides.



Debt Exclusion Defined

- ❑ A **Debt Exclusion** is a temporary tax increase for the length of the bond issue for a specific capital project(s).
- ❑ In general, the vote at the polls and Annual Town Meeting for the **Debt Exclusion** is greater due to the temporary and specific nature of the proposal.

Town of Wayland Massachusetts Debt Exclusion Hearing



Process for Placing an Override Question on the Ballot

- Only the Board of Selectmen has the authority to place an override/debt-exclusion question of the ballot.
- A debt exclusion requires a $\frac{2}{3}$ vote of the Selectmen (at least 4 in favor).
- A simple majority of the voters is required for passage.
- The Selectmen are required to specify the question(s) on the ballot no less than 35 days prior to the election.



Timing of Placing Override Election on Town Election

- ❑ The law allows the Selectmen to call a special election for the Override/Exclusion and does not specify whether the election would precede or follow the companion Town Meeting process.
- ❑ Use of the November state biennial election is also allowed, although approval of the Secretary of State must be submitted by the preceding August.
- ❑ Assuming the Town Election is used for the Override/Debt-Exclusion referendum, sufficient time must be built into the schedule for management to create a responsive Budget and to provide the necessary time for a “campaign”.



Relationship between the Override Election and Town Meeting

- ❑ Town Meeting cannot appropriate funds beyond the Town's tax levy limit without voter approval. Even with voter approval to increase the tax levy, no funds can be expended without Town Meeting approval.
- ❑ Town Meeting can be scheduled before or after an Override/Debt-Exclusion. If it is scheduled beforehand, it is recommended that the Budget be approved "conditionally" on passage of an Override/Debt-Exclusion. In this way, the Town would not have to call another Special Town Meeting to amend the passage (assuming the Override/Debt-Exclusion is defeated at the ballot).
- ❑ If the Town assumes an Override/Debt Exclusion election would take place at the Annual Town Election ballot in March, the Town Meeting vote on the Budget would take place at the normal time in April.
- ❑ The poll election gives Town meeting the option, not a requirement or a turn down of the project. There can be an issue if debt exemption is turned down but a project approved.



Format of the Ballot Question

- ❑ The actual language of the ballot question is very detailed. The only discretion in the language is the “Purpose” phrase.
- ❑ A General Override question requires a specific dollar amount and a “purpose” phrase. The purpose must relate to what the funds will be used for, NOT what would occur if the override does not pass. Typically, the purposes in General Override questions are broad since it would be difficult to guarantee funding in the future.
- ❑ A Debt Exclusion question is very specific about the project or asset being sought. But an actual dollar amount is not provided!



Menu vs. Pyramid Approaches

- General Overrides and Debt Exclusions may appear on the same ballot (and often do)
- There can be multiple General Override questions on the same ballot. They are structured as a menu or in a cumulative (or pyramid) approach.
- The Menu approach include separate questions that are mutually exclusive (a la carte).
- The Pyramid Question is cumulative. More than one question can be posed and the highest dollar question that has received a majority vote of approval is the one that becomes effective.



Debt Financing 101

- Very Strict State Standards on What Debt Can Be Issued For & How It Can Be Paid
- Very Specific Rules & Language Exist for Public Approval of Debt with Unique Standards for Each Type – Town Counsel & Bond Counsel Authorization is Mandatory
- Municipal Bond Rating Requirements & Ever Increasing, Complex Process with Detailed Tax Exempt Bond Scrutiny
- Wayland's Bond Rating (Aaa Confirmed 2017)
- Bonding Interest Rates are Historically Very Low
- Capital Costs Historically Increase 4%+ Annually
- Once Financed Very Strict Public Bidding & Procurement Rules Apply



Ways to Fund Large Scale Capital Projects – Debt Exclusion

- Debt Issued Above Limits of Proposition 2.5 Until Project Paid Off, Then Disappears From Tax Bill
- Most Common, Recommended Way to Fund Large Scale Projects
- Can Only Be Placed Before Voters By 2/3 Majority Vote of Selectmen
- Requires 2/3 Majority at Town Meeting for Bonding & Simple Majority at Polls
- Strict Debt Issuance Process if Required Approvals Received
- Regular Issuance of Debt Exclusion = Sign of Good Financial Health & Responsible Behavior by Towns



Ways to Fund Large Scale Capital Projects – Non-Exempt Debt

- ❑ Debt Issued Through Very Special Categories of Funding Not Issued Above the Limits of Proposition 2.5 Until Project Paid Off
- ❑ Simple Majority Needed from Selectmen to Place Before Voters
- ❑ Requires 2/3 Majority at Town Meeting for Bonding but No Ballot Question Needed at Polls
- ❑ Recent Examples = All CPA Projects from CPA Funds; Enterprise Funds; Potential Water / Wastewater Infrastructure Fund
- ❑ If These Sources Fail to Fund, Town Required to Pay Debt Within Proposition 2.5 Limits Which Has a Huge Negative Impact on Existing Operating Budgets & Services



Ways to Fund Smaller Scale Capital Projects

- ❑ Capital Outlay Expenditure Exclusion
 - No Debt is Issued as the Authority to Raise the Funds Only Exists for One Fiscal Year, Then Disappears
 - Can Only Be Placed Before Voters By 2/3 Majority Vote of Selectmen
 - Requires Simple Majority at Town Meeting & Simple Majority at Polls
 - Not As Commonly Used
 - What Happens if COEE Vote Fails – Still Left with Problem, No Money to Fix It



Ways to Fund Smaller Scale Capital Projects

- ❑ Special Purpose Stabilization Fund Override
 - A Way to Raise Funds for Specific Purposes, Including Capital Projects
 - Funded Through an Override of Proposition 2.5 & Permanently Increases Levy Authority
 - Funds Can Only be Set Aside & Used for Specific Purpose Voted
 - Can Only Be Placed Before Voters by Simple Majority of Selectmen
 - Requires 2/3 Majority at Town Meeting & Simple Majority at Polls to Adopt, Then Simple Majority at Town Meeting to Appropriate
 - There are Unique, Specific Rules Attached to This Type of Override That Require Annual Votes of Selectmen & Other Authorizations Making Funding Less Reliable & More Susceptible to Changing Opinions
 - Most Useful for Smaller Sized Capital Projects
 - Not Many Examples Statewide

Town of Wayland Massachusetts Debt Exclusion Hearing



Wayland Levy Ceiling Calculation - 2018

Class	Value	Percentage by Property Type	Total Percentage by Property Class
Residential (RES)	3,430,086,890	95.0838%	95.08% (RES)
Open Space	0	0.00%	
Commercial (CIP)	127,493,310	3.5342%	4.92% (CIP)
Industrial (CIP)	4,683,900	0.1215%	
Personal Property (CIP)	45,470,000	1.2605%	
Total	3,607,434,100	100.00%	100.00%

Multiplied by: 2.5%

= 2018 Levy Ceiling 90,185,853

Wayland 2018 Tax levy 70,738,532

Maximum Additional levy Capacity 19,447,321